Coalition Forms to Monitor Climate Change Rulemaking

CalChamber Joins Governor on Trade Mission to Mexico

To help protect businesses and the economy as California begins to implement its landmark climate change law, the California Chamber of Commerce, California Business Roundtable and California Manufacturers & Technology Association are organizing a new coalition.

The coalition will advocate commonsense regulations as the California Air Resources Board (CARB) begins developing rules to implement California’s new greenhouse gas law to reduce carbon emissions, AB 32 (Núñez: D-Los Angeles). The new law gives CARB unfettered discretion to develop rules aimed at reducing greenhouse gases 20 percent by the year 2020.

**Coalition Goal**

The coalition, known as the AB 32 Industry Implementation Group, will aim to minimize AB 32 compliance costs by lobbying for control measures that reduce carbon while allowing for continued economic growth. The implementation group will pursue opportunities for infrastructure and energy efficiency projects.

The coalition also will fight for rules that are technically and economically feasible, cost-effective, based on sound science and coordinated with other relevant programs.

“Rational regulations to implement AB 32 will help keep businesses in California and provide a good regulatory example for other states and countries considering climate change policies,” said

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California Chamber of Commerce President Allan Zaremberg joined Governor Arnold Schwarzenegger, members of the press and a business delegation reflecting the diversity of California businesses on a two-day trade mission to Mexico to strengthen ties and increase economic opportunities in the state.

“The mission provided an excellent forum for the Governor to promote business investments in California and encourage tourism from Mexico to California destinations,” said CalChamber President Allan Zaremberg upon returning from the November 9-10 visit.

“As California’s top export market, Mexico has a big impact on our economy,” Zaremberg noted. “The nearly $18 billion in California products exported to Mexico in 2005 supported nearly 200,000 jobs in California. Strengthening ties between California and Mexico is good for both nations.”

The Governor led the delegation of 60 California employers representing a cross section of the state’s leading industries, including agriculture, tourism, energy technologies, entertainment, manufacturing and financial services, among others.

The trip included meetings with Mexican business leaders and key government officials to discuss ways in which California can help meet the needs of Mexico’s growing economy.

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Linda S. Adams, secretary of the California Environmental Protection Agency, answers questions about the agency’s approach to implementing California’s new greenhouse gas law to reduce carbon emissions during a workshop at the California Chamber of Commerce. Dominic DiMare (left), CalChamber vice president of government relations, served as workshop moderator.
Labor Law Corner

Company Policy, Employee Status Determine Need for Holiday Pay

If a non-exempt employee is required to work on a company holiday, what rate should he or she earn for working that day — time-and-one-half or double-time? Neither state nor federal law requires the payment of premium pay for working on a national, state or company-recognized holiday. The only exception is public works prevailing rate jobs.

Double Pay

If your policy is to pay for certain holidays, an employee called upon to work on one of those days would receive holiday pay as well as be paid for all hours worked that day. In effect, this employee has been paid two times for the hours worked, but not at premium pay. An option available in lieu of paying for the holiday in question is to grant another day off with pay. This policy should be set in advance, preferably in your employee handbook.

Overtime

The California Industrial Welfare Commission wage orders require the payment of premium pay based upon hours worked. You are not required to include holidays in your calculation of overtime. For example, if Monday is a paid holiday in which the entire company is shut down, production will now require work through Saturday. Employees are required to be paid for 8 hours holiday pay (based upon your policy) and for 40 hours of work. Although they are being paid for more than 40 hours in the week, no overtime is due because these employees did not work more than 8 hours on any one day nor over 40 hours in the workweek.

Exempt Employees

Exempt employees are treated differently than those who are non-exempt. To maintain exempt status, a position must meet certain compensation requirements enforced by both the State Labor Commissioner and the U.S. Department of Labor.

A common question is whether a company can have a policy denying holiday pay to exempt employees who have less than 90 days of service. Applying such a rule to exempt employees can endanger their exempt status. Exempt employees are entitled to be paid for any day they otherwise make themselves available for work. For example, a company is closed Monday and Tuesday for the Christmas holiday, an exempt employee has worked there for one month and the employer’s policy is that one must be employed 90 days to receive holiday pay. For the purpose of maintaining exempt status, this employee who worked Wednesday through Friday is entitled to salary for the full week.

Holiday Payday

What happens when payday falls on a non-business day, such as Saturday, Sunday or a legally recognized holiday when you are closed? Paydays falling on a Sunday or legal holiday can be pushed to the following business day. Companies closed on a Saturday are required to pay employees on the preceding business day.

Holiday pay generates many questions. Further information is available in the California Chamber of Commerce Labor Law Digest or online at www.hrcalifornia.com.

CalChamber Calendar

Fundraising Committee:
December 7, San Francisco
Board of Directors:
December 7-8, San Francisco
Annual Meeting:
December 8, San Francisco
Luncheon Forum:
January 18, 2007, Sacramento
Board of Directors:
March 8-9, 2007, Beverly Hills
California Business Legislative Summit:
May 21-22, 2007, Sacramento
Board of Directors:
May 22, 2007, Sacramento

Next Alert: December 15
California Tourism Businesses Set to Soar with New Funding Boost for Marketing

There’s good news in store for California tourism, which stands to gain from a sizable boost to travel marketing funding in 2007 due to a joint state-industry effort.

A coalition of tourism-related industries, with significant help from Governor Arnold Schwarzenegger and the cooperation of the Legislature, won approval of legislation that will make available $25 million in marketing funds in 2007 and $50 million in the years thereafter.

California Chamber-supported AB 2592 (Leno; D-San Francisco) enables the money to be generated from a pass-through assessment on rental cars that service tourism-oriented users and visitors.

Big Boost

The added funds are a big step up from what has been the norm for the California Travel and Tourism Commission, an industry self-assessment marketing organization that partners with state government to promote California’s tourism assets.

A tremendously effective organization with great leadership, the commission has been hampered since its inception 10 years ago by inadequate funding, working with an average yearly budget of about $10 million — enough only to barely scratch the marketing surface.

The state’s contribution has been sporadic, averaging only about $5 million in appropriations over the last 20 years.

Meanwhile, tourist destinations near and far — Las Vegas, Illinois, Texas, Florida, Virginia, China, South America, Australia, New Zealand, Africa, Croatia, to name a few — have been spending big bucks to capture a piece of the tourist pie.

A $50 million budget will allow California to join the very top tier of states that have recognized the value of marketing their tourism assets. Such a budget also puts the state in a good position to follow up on the tourism promotion that was a significant component of the Governor’s business missions to Japan, China and Mexico, as well as his future trade and investment missions.

High Returns

The potential return is huge. California’s diversified tourism assets are so dramatic that the ratio of marketing costs to benefits compared to other venues is truly remarkable.

Arguably, California is the finest piece of real estate on the planet. Tourism has been a significant and consistent contributor to the state’s economy as California’s fourth largest employer and the fifth largest contributor to the gross state product.

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Benefits for State, World

Beyond its contributions to California’s jobs and economic climate, the tourism industry benefits the state and the world in additional very important ways. There are no better emissaries of peaceful coexistence than the people of the world who choose to visit California and experience our people, our culture and our hospitality.

Worldwide travel is truly a vast financial and cultural bonanza that grows daily. With its new commitment to marketing its travel assets, California will soon begin to reap the lion’s share of increased worldwide access to the United States.

John W. Koeberer, a member of the California Chamber of Commerce Board of Directors and chair of the CalChamber Tourism Committee, is owner/chief executive officer of California Parks Companies, Red Bluff.
Vietnam Receives Offer to Become 150th Member of WTO

Following years of international negotiations strongly supported by the California Chamber of Commerce, the World Trade Organization (WTO) has extended an offer to Vietnam to join. Vietnam will join the WTO as the 150th member. This follows the conclusion of bilateral negotiations between the United States and Vietnam on the terms of Vietnam’s accession to the WTO and the historic trade agreement between the two nations agreed upon in 2001.

Lower Tariffs

The 2001 agreement resulted in lowered tariffs on goods traded between Vietnam and the United States, and is the same favorable tariff rate applied to most favored nations, such as Europe, Japan and other WTO members.

Before the trade agreement was in place, Vietnam imposed a surcharge of up to 100 percent on imports of products from countries with which it did not have normal trade relations. Japan and European Union member states already have extended Normal Trade Relations (NTR) status to Vietnam, and their companies are exempt from the surcharge.

U.S.-Vietnam Negotiations

The 11th round of general negotiations began in the spring of 2006. In April, Vietnam concluded bilateral talks with Mexico, and announced that great strides had been made in its discussions with the United States as well. The United States and Vietnam concluded bilateral negotiations on Vietnam’s accession to the WTO on May 14, and officially signed the agreement on May 31.

Vietnam is a nation of nearly 80 million people, the 13th most populated country in the world. The economy is growing and the volume of foreign trade has been increasing. Vietnam is sponsoring more than $7 billion in infrastructure projects. Vietnam’s top priorities for investments are manufacturing and infrastructure projects, telecommunications, oil and gas development, agricultural production and tourism.

Vietnamese in California

The United States is the home of more than 900,000 people of Vietnamese origin, more than half of who reside in California. Outside Vietnam, Orange County has the largest Vietnamese community, with approximately 100,000 people of Vietnamese descent. U.S. imports from Vietnam include apparel, fish and crustaceans, crude oil and footwear. California’s top exports to Vietnam include transportation equipment, machinery, computers, electrical equipment, chemicals and agricultural crops. In 2005, California exports to Vietnam jumped from $152 million to over $530 million, largely due to a significant increase in exports of transportation equipment.

Recognizing the environment in Vietnam is different from the United States and creates challenges for multinational corporations, the CalChamber supports the United States in establishing full economic relations by providing economic support and commercial program assistance for U.S. businesses operating in Vietnam and by granting Permanent Normal Trade Relations (PNTR) status to Vietnam.

Vietnam will be admitted to the WTO 30 days after the country’s National Assembly has ratified the WTO accession package, which is expected to occur in early December. The United States will not, however, apply the concessions Vietnam would normally enjoy under the WTO accession agreement until the U.S. Congress approves PNTR status. The issue of PNTR status will be revisited in the 2007 congressional session.

Staff Contact: Susanne Stirling

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Amisha Patel, CalChamber legislative advocate.

The next 15 months are critical. By June 2008, CARB must develop an estimate of statewide emission levels for 1990, the basis for the 20 percent greenhouse gas reduction target in 2020.

CARB also must create a list of early-action items for implementing AB 32, choose a methodology for determining economic impacts, and impose mandatory reporting protocols. This work will set the stage for allocating responsibility for reducing emissions and creating the market trading systems to be in place by 2012.

AB 32 Implementation Workshop

In addition to organizing the coalition, the CalChamber hosted a workshop to help businesses understand the requirements of the new law. The workshop agenda was designed to educate business owners about the regulatory process, important procedural deadlines, the function of market-based mechanisms in helping California reach its greenhouse gas targets, and the California Climate Action Registry’s current activities and role in developing future protocols for measuring emissions.

The workshop gave business owners an opportunity to speak with an information panel that included:

- Linda S. Adams, secretary, California Environmental Protection Agency;
- Dan Skopec, undersecretary, California Environmental Protection Agency;
- Chuck Shulock, program manager, California Air Resources Board; and
- Joel Levin, vice president of business development, California Climate Action Registry.

During the workshop, CalChamber urged businesses to join the voluntary registry before the December 31 deadline cited in AB 32. Doing so will simplify the transition for California businesses, making it easier for them to begin reporting and verifying emissions and meeting the requirements of the new law.

To learn more about the registry and to become a registry member, visit www.climateregistry.org.

For more information about joining the AB 32 Industry Implementation Group, contact Amisha Patel, CalChamber legislative advocate.

Staff Contact: Amisha Patel
CalChamber-Supported Enterprise Zones Continue Strong, Begin Next Phase

A California Chamber-supported program to help stimulate business activity in economically depressed areas of the state entered a new phase last month as Governor Arnold Schwarzenegger conditionally designated 23 enterprise zones statewide.

The pending new enterprise zones touch almost every major region of California and will replace 23 out of a total of 42 zones under the program that are expiring within the year. Each zone designation is in effect for 15 years.

Supporting Job Creation

The enterprise zone program was established by CalChamber-supported legislation signed in 1984 and offers a variety of tax credits and incentives to encourage business activity in economically distressed areas of the state. California’s enterprise zone program is designed not only to breathe economic life into depressed areas, but also to help California compete for jobs with other states and other countries. The program is one of the only remaining statewide tax incentives that local areas can use to encourage businesses to stay, locate or expand within California.

Businesses within enterprise zones are eligible for tax credits and benefits, including:
- Up to $31,234 or more in state tax credits for each qualified employee hired.
- Sales tax credits on purchases of $20 million per year of qualified machinery and machinery parts.
- Up-front expensing of certain depreciable property.
- Lenders to enterprise zone businesses may receive a net interest deduction.
- Unused tax credits can be applied to future tax years, stretching out the benefit of the initial investment.
- Enterprise zone companies can earn preference points on state contracts.
- Up to 100 percent net operating loss (NOL) carry-forward. NOL may be carried forward 15 years.

More than half the state’s enterprise zones were set to expire within the year. Many zones with looming expiration dates thought they had made substantial progress, but needed more time to bring revitalization to full fruition.

Expanding zones that wish to continue must apply and undergo a competitive selection process for a new designation along with depressed areas seeking zone designation for the first time.

Resolving Process Problems

The state Department of Housing and Community Development first makes conditional designations, outlining conditions the zones must meet to be granted final designation. The steps between a conditional and a final designation can take many months to complete, involving such lengthy processes as preparing an environmental impact report and developing performance measures and benchmarks.

Earlier this year, the CalChamber and other job-growth advocates realized the designation timeframe could result in a significant problem for businesses in re-applying zones that were about to expire. Even if a reapplying zone received a conditional designation before it expired, a final designation could take many months longer, meaning some zones would expire (terminate) before receiving final designation. There was no provision in the law to ensure that zone operations and program benefits to businesses would not unravel during this pending designation gap.

The CalChamber led a business coalition to promote bipartisan enactment of AB 1550 (Arambula; D-Fresno), signed by Governor Schwarzenegger this year. The bill solved this problem by ensuring these zones could continue to fully operate and provide program benefits to businesses during this gap period.

The measure also included provisions to improve state monitoring and oversight of the program. The business community applauded the leadership of Assemblyman Juan Arambula (D-Fresno), Assemblywoman Betty Karnette (D-Long Beach), Senator Alan Lowenthal (D-Long Beach), and Governor Schwarzenegger in taking steps to strengthen and improve the enterprise zone program with the measure.

Another challenge facing the enterprise zone program earlier this year was legislation aimed at reducing the program. The CalChamber led a coalition of employer groups that opposed these program cuts. The coalition spearheaded the defeat of two bills, SB 1008 (Ducheny; D-San Diego and Machado; D-Lindén) and AB 1766 (Dymally; D-Compton).

These nearly identical “job killer” bills sought to reduce the program by making it more difficult for businesses to qualify for the credit and placing unreasonable restrictions on banks that lend to these businesses. Neither proposal ever made it out of the Legislature, thanks to strong opposition from the business community.

The conditional designations include six in Los Angeles County, three in Fresno/merced counties, two in Kern County, three in the Inland Empire/Imperial Valley, three in the San Francisco Bay Area, three in Northern California, two in the Sacramento and Yuba/Sutter counties and one in San Diego County.

Staff Contact: Kyla Christoffersen

Seminars/Trade Shows

For more information on the seminars listed below, visit www.calchamber.com/events.

Labor Law
HR 101: Introduction to HR

CalChamber Joins Governor on Trade Mission to Mexico

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The delegation’s itinerary also included a briefing by the U.S. Ambassador, a roundtable discussion with Mexican state governors, a special IMAX screening and an environmental technology trade show in Monterrey.

Renewing Business Ties

On November 9, President Vicente Fox hosted Governor Schwarzenegger and a number of other guests, including CalChamber President Zaremberg, at an intimate breakfast.

In May, the CalChamber hosted a breakfast for President Fox, who was greeted by more than 100 guests, including a delegation of officials from Mexico, representatives of California’s state government and business people from California and Mexico, including representatives of agriculture, the service industry and manufacturing.

Later on November 9, the Governor and the delegation were guests at a luncheon in Mexico City hosted by the American Chamber of Commerce and sponsored by the CalChamber.

Governor Schwarzenegger addressed more than 500 people at the luncheon, including representatives from California companies in Mexico and Mexican companies interested in the California market.

The Governor noted that common bonds and trade between California and Mexico translate into billions of dollars in business for both. “As we work on both sides of the border to save energy, protect the environment and manage our water supplies, there is so much more that we can do together,” the Governor said.

Focus on Tourism

The Governor announced the creation of a tourism office in Mexico City to increase California’s visibility as an international travel destination.

The focus on tourism continued in the evening at the IMAX premiere of a film by the California Travel and Tourism Commission. The film, “Adventures in Wild California,” promoted California services and products.

Mexico is the leading source of international tourists to California. The commission reports there were approximately 8.6 million Mexican visitors to California in 2005 who spent an estimated $1.6 billion. A large portion of these visitors are Mexican day visitors.

Environment

On November 10, the Governor met with incoming Mexico President Felipe Calderón, discussing efforts to facilitate lifting the ban on importing California-grown spinach. The Governor then joined the delegation at the environmental technology trade show in Monterrey that highlighted California's leading-edge environmental technology.

From solar power technology to high-efficiency pumps for use in wastewater treatment and other industrial applications, the expo featured almost 30 California companies and other employers at the Cintermex convention complex.

The products and services displayed will help meet a growing demand in Mexico for energy and environmental technologies. Over the past two decades, Mexico has focused increasing attention on reducing environmental impacts to its air and water from economic and population growth.

Mexico’s participation in the North American Free Trade Agreement (NAFTA) also has spurred the country to adopt tighter environmental controls and pursue cleaner alternative energy sources.

CalChamber Position

In keeping with long-standing policy, CalChamber supports free trade worldwide. It also encourages the expansion of trade and investment, fair and equitable market access for California products abroad and the elimination of disincentives that impede the international competitiveness of California businesses.

More information about CalChamber positions on international trade issues is available at www.calchamber.com/international.

Staff Contact: Susanne Stirling
Mexico Trade Mission

Wilden Pump Helps International Firms Transfer Liquids Safely

“Wilden exports products, not jobs” is the promotional theme of Wilden Pump & Engineering, a member of the California Chamber of Commerce. That spirit was in evidence during Wilden’s participation in Governor Arnold Schwarzenegger’s trade mission to Mexico on November 9-10.

Wilden is a Grand Terrace-based manufacturer of air-operated, double-diaphragm pumps. Following its visits to Mexico City and Monterrey as part of the business delegation, Wilden announced it had received a three-year, $500,000 order agreement with Kohler Sanimex of Monterrey, a division of Kohler Company of Wisconsin.

Kohler Sanimex, a world-class manufacturer of plumbing and sanitary fixtures, will use Wilden’s product to transfer enamel and ceramic slurry for its cutting-edge bathroom sinks and tubs.

“Kohler Sanimex is one of our many key customers based in Mexico,” said John D. Allen, president of Wilden and a member of the business delegation that accompanied the Governor to Mexico. “Mexico’s economy, productive labor force and favorable logistics make it an excellent trading partner. Growth in Mexico means more production and jobs at our California facility.”

International Sales

Wilden, a division of Dover Corporation (DOV-NYSE) derives 60 percent of its total sales from international sales.

Mexico provides $2 million in sales annually for the company. Wilden has 260 employees in California, and another 80 individuals on its payroll at international locations in Buenos Aires, Chennai, Dusseldorf and Shanghai.

Wilden in Mexico

While in Mexico, Wilden participated in the visit to Los Piños, the home of Mexico President Vicente Fox, as well as an environmental panel discussion with members of the California delegation and Mexican government officials.

In Monterrey, Wilden promoted its product line at the environmental technology trade show. Dozens of Wilden’s customers in Monterrey were on hand for the show’s festivities, including the Governor’s pre-taped appearance on Chef Pedraza’s weekly television show to promote California food products.

“These missions are a win-win for California businesses and state government,” said Allen. “People want to be around our Governor, who truly is one of the world’s most recognizable figures. Growing our business and helping to spread the good word about California is a natural fit.”

Founding Theme

James K. Wilden established the company in 1955 on the idea that “if it flows, we can pump it.”

Today, Wilden features state-of-the-art equipment, lean manufacturing and world-class supply/distribution partners. Its customer base covers every possible fluid transfer application, from moving contact lens solution to tomato paste. Multinational firms such as Coca-Cola, GM and Pfizer rely on Wilden products to transfer liquids safely and efficiently.
Attend the most valuable training available to learn about new labor laws, regulations and court decisions.

Each Labor Law Update: HR 201 — both half-day and web — will cover new federal and California legislation and regulations, as well as important case law that you should be aware of as an employer. Key topics are:

- Workers’ compensation — finalized regulations
- Sexual harassment and discrimination
- Meal and rest period regulations
- Review of 2006 California and federal court decisions affecting:
  - Discrimination and sexual harassment
  - Wage and hour issues
  - Recruitment and pre-employment testing, and much more

Half-day seminars will be held at the following locations:

- Glendale – 1/8/07
- Santa Ana – 1/10/07
- San Diego – 1/12/07
- Sacramento – 1/24/07
- Emeryville – 1/30/07
- Santa Clara – 2/1/07
- Sacramento – 2/7/07
- Online (2 hours) – 2/13/07

To register, visit www.calbizcentral.com/HR201 or call (800) 331-8877.